

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6421

BILL NUMBER: SB 348

NOTE PREPARED: Dec 28, 2011

BILL AMENDED:

SUBJECT: Adoption Subsidy Payments.

FIRST AUTHOR: Sen. Broden

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires the Department of Child Services (DCS) to: (1) enter into an agreement with each adoptive parent of a child with special needs who is eligible for an adoption subsidy to provide an adoption subsidy for the child; and (2) allocate funds to the adoption assistance account necessary to make the adoption subsidy payments. The bill prohibits the DCS from terminating an adoption subsidy agreement with adoptive parents due to insufficient funds in the adoption assistance account. The bill also makes conforming changes. It repeals a provision that allows the DCS to: (1) approve new adoption subsidy agreements only for children who are wards of the DCS at the time the adoption petition is filed; and (2) give priority to funding new adoption subsidy agreements for children who are or were wards of the DCS; if the DCS determines that sufficient funds are not available.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Summary:* This bill will require the Department of Child Services to pay adoption subsidies to adoptive parents of children with special needs if DCS has entered into an agreement with the adoptive parents for adoption subsidy payments. This is estimated to increase state expenditures by *at most* \$24.4 M in FY 2013 and \$30.6 M in FY 2014. Actual expenditures for adoption subsidies may be less and will depend on negotiations between the DCS and adoptive parents.

Additional Information:

The State Adoption Subsidy Program (SAS) provides adoption subsidies from state funds to parents who adopt special needs children. This program is separate from the federal IV-E Special Needs Adoption

Assistance Payment program and not substitutable. Families can be considered eligible and receive payments from both the federal IV-E Special Needs Adoption Assistance Payment program and the SAS program.

State adoption subsidy agreements are negotiated between parents and DCS to provide a daily per diem amount that is based on the needs of the child. The current maximum daily per diem amount is \$67.32 per adopted child. This rate is based on the child's age and level of care the child needs. As reported by DCS, the SAS program exists but is currently not funded.

DCS annually fosters adoptions of approximately 1,100 IV-E eligible children. For FY 2011, the DCS completed approximately 370 adoptions for non-IV-E eligible children.

As of December 2011, there are approximately 758 children on the waiting list for SAS payments. The DCS reports that approximately 250 children are added to the SAS waiting list annually. Using this information, it was estimated that for FY 2013 and FY 2014, the total number of adopted children on the waiting list for SAS payments would be approximately 1,000 and 1,250, respectively.

If all adopted children on the SAS waiting list are required to receive adoption subsidy payments, the bill will increase state expenditures by *at most* \$24.4 M in FY 2013 and \$30.6 M in FY 2014. Actual increases in state expenditures will depend on (1) the per diem amount negotiated between the adopted parents and DCS, (2) the actual number of children added to the waiting list before the bill's effective date, (3) the number of children with special needs adopted after the bill's effective date who, under the bill, would be entitled to SAS payments, (4) the number of children on the SAS waiting list who age out of eligibility for SAS payments, and (5) any other attrition from the SAS waiting list.

Explanation of State Revenues: This bill may potentially increase the number of adoptions fostered in the state. To the extent this bill accomplishes that, revenue the state receives from the Federal Adoption Incentive Funding Grant Program may increase. These funds are administered to states based on the number of adoptions a state completes in a year. These funds are awarded on a competitive basis, and a federal formula is used to determine how much money each state will receive (although no state is guaranteed to receive grant funding). For FFY 2011, Indiana received approximately \$835,000 in federal adoption incentive funding. Comparatively, for FFY 2010 and FFY 2009, Indiana received approximately \$1.4 M and \$1.6 M in grant funding from the program, respectively, and from FFY 2002 to FFY 2004 received none.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DCS.

Local Agencies Affected:

Information Sources: Brady Brookes, DCS.

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